

ORIGINAL



0000045340

LAW OFFICES
FENNEMORE CRAIG
A PROFESSIONAL CORPORATION

RECEIVED

2002 MAR 28 P 4:32

NORMAN D. JAMES

Direct Phone: (602) 916-5346
Direct Fax: (602) 916-5546
njames@fclaw.com

OFFICES IN:
PHOENIX, TUCSON, ARIZONA
NOGALES, AZ; LINCOLN, NE
3003 NORTH CENTRAL AVENUE
SUITE 2600
PHOENIX, ARIZONA 85012-2913
PHONE: (602) 916-5000
FAX: (602) 916-5999

March 28, 2002

BY HAND DELIVERY

Mr. Ernest G. Johnson
Director, Utilities Division
Arizona Corporation Commission
1200 W. Washington St.
Phoenix, AZ 85007

Arizona Corporation Commission

DOCKETED

MAR 28 2002

DOCKETED BY	
-------------	--

Re: Arizona-American Water Company, Inc.; Application for Limited Waiver of the Affiliated Interests Rules

Docket No. W-01303A-01-0983

Dear Mr. Johnson:

On December 17, 2001, Arizona-American Water Company, Inc. ("Arizona-American"), filed an requesting application that the Arizona Corporation Commission ("the Commission") waive compliance with the requirements of A.A.C. R14-2-801, *et seq.* ("the Affiliated Interests Rules") with respect to a certain pending transaction involving Arizona-American's parent, American Water Works Company, Inc., and that corporation's shareholders. Arizona-American believes that the Commission lacks jurisdiction to regulate this transaction and, in any event, a waiver is appropriate given that the transaction will have no impact on Arizona-American and its jurisdictional operations.

The Utilities Division ("Staff") requested that the application be suspended for a period of 120 days, which was granted by the Commission in Decision No. 64362 (Jan. 15, 2002). The period of suspension will end on May 8, 2002. In early March, representatives of Staff indicated that Arizona-American should provide a notice of intent to reorganize an existing public utility holding company pursuant to R14-2-803. Arizona-American is in the process of preparing an amendment to its application that will comply with Staff's request and provide the information required under R14-2-803(A). At this time, we anticipate making this filing on or about April 10, 2002. We also have certain outstanding discovery requests pertaining to the application, and Arizona-American intends to provide responses to those data requests at or about the same time.

FENNEMORE CRAIG

BY HAND DELIVERY

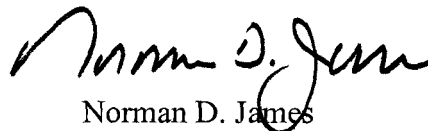
Mr. Ernest G. Johnson
March 28, 2002
Page 2

As previously indicated, the period of the application's suspension will end on May 8, 2002. Given the current posture of the application and the fact that it will shortly be amended substantially for the purpose of providing Staff the information required under R14-2-803, Arizona-American will agree to have the application governed by the deadlines and procedural requirements set forth in R14-2-803. This will eliminate the need to take action at this time on the pending application for waiver, and further eliminate the need for an order suspending the application or extending any deadline. This would, in effect, restart the "time clock" with respect to the application.

Please let me know if you have any questions or would like to discuss the foregoing in greater detail. I am filing the original and ten copies of this letter with Docket Control in the above-referenced docket. I am also providing copies to Janet Wagner, the Staff attorney, and John Thornton for their information.

Thank you for your courtesy and cooperation.

Very truly yours,



Norman D. James

NDJ/mlh

cc: Docket Control (original and 10 copies)
Janet F. Wagner, Legal Division
John S. Thornton, Jr., Accounting & Rates Section
Michael M. Grant, Esq.

1286111.1/73244.030